



# **American Recovery and Reinvestment Act of 2009 Recovery Zone Bonds**

## **Cobb County Board of Commissioners Work Session**

August 25, 2009

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Economic Development



## **AMERICAN RECOVERY AND REINVESTMENT TAX (STIMULUS) ACT OF 2009'S IMPACT ON ECONOMIC DEVELOPMENT**



- The President signed the American Recovery and Reinvestment Tax Act of 2009, as part of the economic stimulus recovery package (the “Stimulus”).
- The bond-related provisions became immediately effective.



## **AMERICAN RECOVERY AND REINVESTMENT TAX (STIMULUS) ACT OF 2009'S IMPACT ON ECONOMIC DEVELOPMENT**

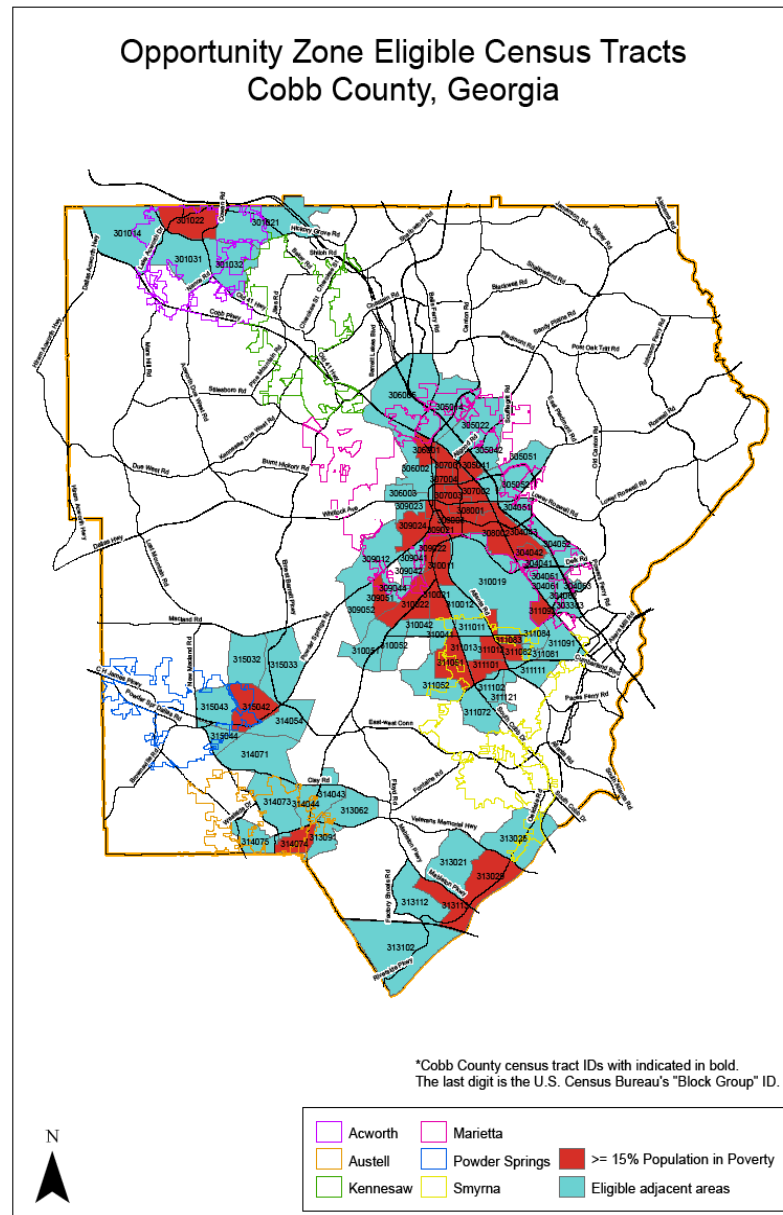
- The new law has significant effects on bonds affecting economic development.
- Effective for bonds issued in 2009 and 2010.
- Authorizes local “Recovery Zones.”

# RECOVERY ZONE BONDS



- Stimulus creates new types of bonds for projects in a “Recovery Zone.”
  - Recovery Zone Facility Bonds
  - Recovery Zone Economic Development Bonds
- Recovery Zones include any area designated as having significant poverty, unemployment, high rate of home foreclosures or general distress.

# RECOVERY ZONE BONDS

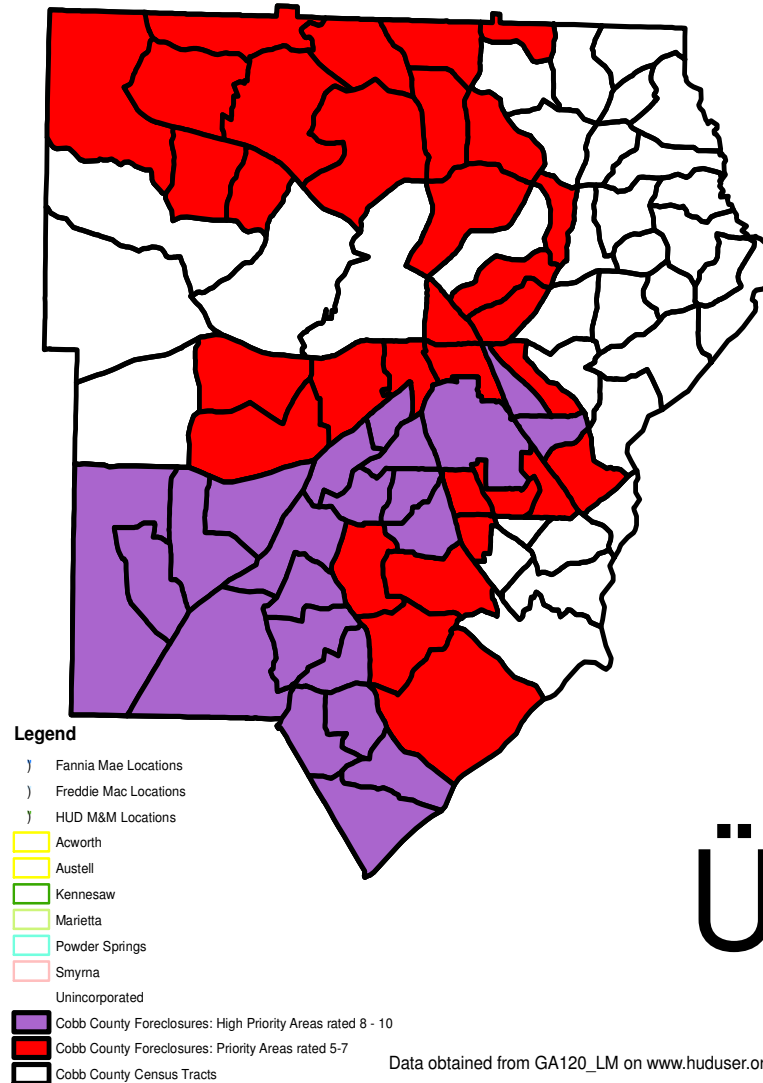


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# RECOVERY ZONE BONDS



Cobb County Foreclosures:  
Priority Areas



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## RZ FACILITY BONDS



- Tax-exempt bonds may be issued for private use property in a Recovery Zone.
- *Any* type of property, *except* for residential property, golf courses, country clubs, massage parlors, hot-tub facilities, suntan facilities, racetracks, gambling facilities and liquor stores, may be funded.

# **RZ ECONOMIC DEVELOPMENT BONDS**



- Taxable bonds may be issued for governmental property that promotes economic activity in a Recovery Zone.
- These Bonds pay a tax credit of 45% of the interest paid.
- The bond issuer can opt to receive cash in lieu of the tax credit.



# **RECOVERY ZONE BONDS**



- Recovery Zone Bonds must be issued during 2009 and 2010.
- Amounts will be allocated on the basis of 2008 employment decline.
- \$533,677,000 available to Georgia local governments for Recovery Zone Facility Bonds.
- \$355,785,000 available in Georgia for Recovery Zone Economic Development Bonds.



# RECOVERY ZONE BOND

- Top 5 allocations made to counties and large municipalities

County or Large Municipality	Recovery Zone Economic Development Bond Allocation	Recovery Zone Facility Bond Allocation
Gwinnett County	\$41,186,000	\$61,778,000
Cobb County	\$37,197,000	\$55,796,000
DeKalb County-Residual (1)	\$36,349,000	\$54,524,000
Fulton County – Residual (1)	\$26,441,000	\$39,662,000
City of Atlanta	\$22,776,000	\$34,163,000

(1) Residual indicates that the allocation is for the residual part of the county after excluding allocation for large municipalities with populations of at least 100,000.

# TIMELINES AND FORMS



- August 21, 2009 – notice to all local governments of RZ allocation
- November 2, 2009 – due date for submitting Notice of Intent to DCA
- November 2, 2009 – due date for submitting resolution waiving allocation (if applicable)
- November 2, 2009 – allocations to governments NOT responding to notice of intent “deemed waived”
- June 15, 2010 – deadline for submission of request for extension
- July 1, 2010 –date of recapture of any un-used bond allocation
- December 1, 2010 – last day to apply for RZ re-allocation
- December 31, 2010 – last day to issue RZ Bonds



# Questions